



Suter-Wallauch-Corbett & Associates

Government Relations

April 13, 2009
Agenda Item 6.1

April 2, 2009

TO: Dennis Fay, Executive Director
Alameda County Congestion Management Agency

FR: Suter, Wallauch, Corbett & Associates

RE: Legislative Update

On the Market: After a nine month hiatus State Treasure Lockyer returned to the financial markets with goal of selling \$4 billion in bonds. By Tuesday afternoon, the Treasure stopped taking orders when purchases reached \$6.5 billion. This unexpected demand for California paper will enable the state to restart many stalled projects.

The Pooled Money Investment Board is scheduled to meet on Monday, April 6, to review the Governor's plan for allocating these funds and to take action on new loans, which includes \$29 million desperately needed to keep the High Speed Rail Authority operating.

Included in the Governor's list of priority projects is over \$170 million for projects in Alameda County. These projects include funding for the Sunol Grade HOV/HOT lane project, the 580 Eastbound HOV lane project, and the Isabel Avenue/580 Interchange project. According to the Governor's announcement \$2.7 billion in bond proceeds will be used for the following programs:

- **\$1 billion** toward voter-approved Proposition 1B, Proposition 1D, Proposition 1E, Proposition 84 and other transportation infrastructure, water and flood control, and school construction projects. These funds will keep important infrastructure projects on track and protect related jobs.
- **\$1 billion** towards the unpaid bills for projects and grants that are waiting for reimbursement for completed work. This will provide necessary funding back to organizations to keep economic activity moving and protect existing jobs.
- Nearly **\$700 million** to start or restart projects flagged for shutdown because of a lack of bond funding due to the economy and freeze in financing. The funding includes:
 - **\$400 million** for Proposition 1B to get critical projects underway, in some cases in a matter of days after funds are released, and for other Caltrans projects that can be awarded within 60 days. In addition, this funding will provide \$51 million for cities and counties "streets and roads" projects.

- **\$285 million** for critical flood control, water, and drought-related projects that can maintain or create jobs immediately.
- **\$500 million** in new PMIB loans will be used to support high speed rail, corrections, veterans' affairs, and other construction projects.

The remaining \$3.8 billion will be used to repay the PMIB for prior loans. Repaying these loans will help lessen the cash flow pressure on the general fund. The specific lists of projects to be funded can be found at the following website:

http://www.dof.ca.gov/funding_released/index.php

Federal Stimulus Fixes: Last week, Governor Schwarzenegger signed five bills that will allow California to collect an additional \$17.5 billion in federal stimulus funds through the American Recovery and Reinvestment Act.

- **ABX3 20 (Bass)** provides for the distribution of roughly \$2.6 billion for highways and roads made available under the American Recovery and Reinvestment Act of 2009. The new legislation modifies existing law to allow greater delegation to regional transportation agencies for selecting projects and programming their dollars, and gives Caltrans the flexibility to use \$310 million of federal economic stimulus funds to move some Proposition 1B projects more quickly to construction.
- **SBX3 24 (Alquist)** addresses a provision in the American Recovery and Reinvestment Act that prohibits states from receiving additional Federal Medicaid Assistance Percentage (FMAP) funds if they changed their Medi-Cal eligibility requirements after July 2008. This change in law ensures that the state is eligible to receive all \$10.1 billion of the increased FMAP dollars available to California.
- **SBX3 27 (Negrete-McLeod)** will expedite funding for state water projects and increase the dollar amount the state is able to award to a single public water system project. The legislation revises current state statutes to ensure that federal stimulus funds for clean drinking water and wastewater can be allocated within federal deadlines and allows California to receive a total of \$443 million in federal funds.
- **ABX3 23 (Coto)** allows long-term unemployed Californians, who meet specific criteria, to obtain an additional 20 weeks of Unemployment Insurance benefits. California will receive up to \$3.2 billion for conforming and implementing the 20-week extension; which will not cause an increase in state costs during calendar year 2010. In addition, the 20 week extension will not affect employers' reserve accounts will assist about 469,000 longtime jobless Californians by year's end.
- **ABX3 29 (Coto)** qualifies California for an additional \$844 million in federal stimulus funds by creating a new "alternative base period" (ABP) that will allow more people to qualify for UI benefits. The ABP determines whether laid off workers have earned enough wages to qualify for UI benefits. Previous law allowed claimants to count their wages from the first four of the last five

completed calendar quarters to determine their UI benefit. This legislation entitles a person who has not been paid sufficient wages in the first four of the last five completed calendar quarters to establish a benefit year for purposes of UI benefits; allowing workers with more recent earnings who become unemployed to qualify for unemployment insurance.

Keeping Track: Governor Schwarzenegger announced the creation of the Federal Economic Stimulus Task Force last week to oversee an estimated \$85 billion in federal economic stimulus headed toward California. The Task Force is charged with tracking the American Recovery and Reinvestment Act funding; helping cities, counties, non-profits, and others access the available funding; and to ensure that the funding funneled through the state is spent efficiently and effectively.

Cynthia Bryant, Deputy Chief of Staff to the Governor and Director of the Governor's Office of Planning and Research, will lead the Task Force and serve as California's liaison to the federal government on the Recovery Act. Other members of the task force come from the Governor's cabinet and include one representative from each of the main program areas in the state. The Task Force will also maintain the website www.recovery.ca.gov, which will serve as a clearing house for ARRA information and it will be regularly updated to track how the stimulus dollars are being spent.

Trigger Locked: On March 27 Director of Finance Mike Genest and State Treasurer Bill Lockyer issued the pronouncement required by ABX3 16, and declared that the State would only receive \$8.2 billion in federal funds capable of offsetting General Fund spending. This amount is \$1.8 billion shy of the \$10 billion minimum required to "pull the trigger" and avoid \$948 million in additional program cuts and \$1.8 billion in income taxes. The additional cuts affecting county programs include:

- Eliminating dental and other Medi-Cal benefits
- Reducing SSI benefits by an additional 2.2 percent
- Reducing monthly CalWORKs payments by about 4% to 1989 levels. (A family of three that receives \$723 per month would receive \$693.)
- Reducing state participation in IHSS wages to \$9.50/hour

Treasurer Lockyer sent a detailed letter to the Governor and legislative leaders, outlining his methodology used in reaching the decision and also raising concerns. He explained that if the trigger were to be pulled the General Fund would be out of balance by an additional \$3 billion in the budget year. He also bemoaned the fact that the consequences of his finding would be both fiscal and human. Two cuts in particular, those to In-Home Supportive Services and "optional dental" benefits under the Medi-Cal program, "target people who most need our help." These reductions will result in the loss of additional federal matching and overmatching funds and Lockyer urged the Legislature to reconsider these two cuts prior to their becoming effective this summer.

Filing an Extension: Last December amidst considerable fanfare Governor Schwarzenegger issued an executive order creating the Commission on the 21st Century Economy. The Commission's job is to recommend changes in law that will result in a tax structure for California that fits with the current economy, stabilize revenues and reduce volatility, promote the long-term economic prosperity of the State, and a few other lofty public policy goals. The Governor appointed seven commissioners and the Assembly Speaker and Senate President pro Tem appointed an additional seven who were charged with issuing these recommendations by tax day – April 15.

Last week the Governor quietly issued an executive order superceding the original order and delaying the due date for the Commission's work product until July 31, 2009. There is some real star power on the Commission, but nonetheless, we all wondered how it was going to complete this Herculean task in just four months.

LEGISLATION

Bill	Topic	Status	Client-Position
AB 338 (Ma) I-02/18/2009	Transit village developments: infrastructure financing.	03/09/2009-Referred to Com. on L. GOV. (03/09/2009-A L. GOV.)	
	<p>NOTE: AB 338 was approved by the Assembly Committee on Local Government. This bill would allow a city or county to create a transit village infrastructure financing district.</p> <p>For the purpose of financing transit improvements this bill would allow a local agency to establish an infrastructure financing district (IFD) without a public vote. The IFD would dedicate the incremental growth in property tax values to transit improvements. The bill would also require the local agency to dedicate 20% of the increment to low income housing projects within the district. AB 338 does not alter the existing exemption for school funds and the local agency must negotiate with and get the approval of the other taxing jurisdictions before their share, if any, is dedicated to the IFD.</p>		
AB 497 (Block) I-02/24/2009	Vehicles: high-occupancy vehicle lanes: used by physicians.	03/12/2009-Referred to Com. on TRANS. (03/12/2009-A TRANS.)	
	<p>NOTE: This bill would allow a physician to use an HOV lane regardless of occupancy requirements when traveling to an emergency call if the car displays an insigne to be developed by the Department of Motor Vehicles.</p>		

AB 619 (Blumenfield) I-02/25/2009	Transportation projects: federal funds: delays.	02/26/2009-From printer. May be heard in committee March 28. (02/25/2009-A PRINT)	
	NOTE: This bill would require Caltrans to notify the Legislature within 30 days about projects that will be delayed due to state cash flow or other funding issues. The notification applies only to those projects where the delay places federal funds at risk.		
AB 652 (Skinner) I-02/25/2009	Vehicles: vehicle length limitation.	02/26/2009-From printer. May be heard in committee March 28. (02/25/2009-A PRINT)	AC Transit-Sponsor
	NOTE: This bill amends existing law to increase by 4 inches the distance a bike rack can be extended from the front of a bus. The increase in length will allow transit operators to install bike racks that can accommodate three bicycles at one time.		
AB 670 (Berryhill, Bill) I-02/25/2009	Vehicles: high-occupancy vehicle lanes: veterans.	02/26/2009-From printer. May be heard in committee March 28. (02/25/2009-A PRINT)	
	NOTE: This bill would exempt from HOV occupancy restrictions any vehicle driven by a veteran or active duty member of the United States Armed Forces. The vehicle must display a distinctive decal approved by the DMV.		
AB 744 (Torrico) I-02/26/2009	Transportation: Bay Area high-occupancy vehicle network.	03/01/2009-From printer. May be heard in committee March 30. (02/26/2009-A PRINT)	
	NOTE: This bill is essentially a spot bill that would grant the Bay Area Toll Authority (BATA) the authority to finance, build, and operate a network of high occupancy toll (HOT) lanes in the Bay Area.		

AB 782 (Jeffries) I-02/26/2009	Regional transportation plans: sustainable communities' strategies.	02/27/2009-From printer. May be heard in committee March 29. (02/26/2009-A PRINT)	
	<p>NOTE: This bill makes numerous changes to SB 375 and the implementation of Sustainable Communities Strategies. The bill includes some of the changes requested by the Governor when signing SB 375, but this bill proposes to substantially expand the scope of projects to be exempt from SB 375. AB 782 includes the following changes</p> <ul style="list-style-type: none"> • Limits legal challenges of an approved SCS and projects consistent with the SCS. • Adds to the Regional Targets Advisory Committee representatives from commercial builders, business community, and entities that fund transportation projects. • Exempts from SB 375 all projects funded by Prop 1B and federal stimulus funds, and projects contained in a local transportation sales tax plan that was adopted before December 31, 2010. • Exempts projects, including transportation projects, from CEQA if the project is consistent with the SCS. 		
AB 798 (Nava) I-02/26/2009	California Transportation Financing Authority: toll facilities.	02/27/2009-From printer. May be heard in committee March 29. (02/26/2009-A PRINT)	
	<p>NOTE: This is the reintroduction of AB 3021 from last year. This bill would create the California Transportation Financing Authority (CTFA). The purpose of the Authority is to establish a source for local agencies to publicly finance toll projects and other transportation projects.</p> <p>The definition of entities that may apply for funds includes the state and any local or regional transportation planning agency. The definition of a project includes highways, local streets, rail projects, and projects supplemental to existing facilities, but it is unclear if this includes transit projects other than rail.</p>		

AB 815 (Ma) I-02/26/2009	Public contracts: plans and specifications.	03/01/2009-From printer. May be heard in committee March 30. (02/26/2009-A PRINT)	
	NOTE: This is the reintroduction of AB 983. This bill is described as clarifying existing law with respect to public agencies providing full, complete and accurate plans and specifications for public works projects. However, concerns were expressed last year by local governments that these changes would obligate the public agency to bear the full burden for any errors while releasing the contractor from their responsibility to review plans for errors.		
AB 922 (Miller) I-02/26/2009	Diesel fuel tax exemption: biodiesel.	02/27/2009-From printer. May be heard in committee March 29. (02/26/2009-A PRINT)	
	NOTE: This measure would exempt biodiesel from the state excise tax for five years starting July 1, 2009 to June 30, 2014.		
AB 949 (Logue) I-02/26/2009	Transportation: State- Local Partnership Program.	02/27/2009-From printer. May be heard in committee March 29. (02/26/2009-A PRINT)	
	NOTE: AB 949 would expand the definition of local matching funds for the purpose of allocating SLPP funds to include any fee or tax, including revenue from mineral or resource extraction fees or taxes. The bill removes the requirement that local matching funds must be voter approved, and the local fee or tax is not required to be dedicated to transportation improvements. Since SLPP funds are allocated by a formula based on the amount of local voter approved fees or taxes generated in a county. Changing the definition would have unknown, but potentially significant, impact to the amount of SLPP funds currently expected for projects in Alameda County.		

AB 1135 (Skinner) I-02/27/2009	Vehicles: registration renewal.	03/02/2009-Read first time. (02/27/2009-A PRINT)	
	NOTE: The bill would require the owner of a vehicle to report the odometer reading to the Department of Motor Vehicles when renewing vehicle registration. The bill contains findings and declarations regarding the need for more accurate vehicle miles traveled data in order to improve transportation planning and estimates of air quality impacts.		
AB 1158 (Hayashi) I-02/27/2009	Transit village plan.	03/02/2009-Read first time. (02/27/2009-A PRINT)	
	NOTE: This bill amends the Transit Village Act to include in the list of facilities and characteristics that creation of a transit village district would enhance may include land uses that provide a direct linkage to educational facilities.		
AB 1204 (Huber) I-02/27/2009	Environment: California Environmental Quality Act (CEQA): sustainable community strategy.	03/02/2009-Read first time. (02/27/2009-A PRINT)	
	NOTE: SB 375 created an exemption to CEQA for residential and mixed use projects if the projects are located within a Sustainable Communities Strategy area and meets several specified requirements. AB 1204 would delete the housing and mixed use limitation, and apply the CEQA exemption to any project that meets requirements specified in SB 375.		
AB 1342 (Evans) I-02/27/2009	Local taxation: income taxes: vehicle license fees.	03/02/2009-Read first time. (02/27/2009-A PRINT)	
	NOTE: This bill would authorize the Board of Supervisors to adopt an ordinance to impose a personal income tax and/or a vehicle license fee. The bill does not require voter approval, but it states that the ordinance must comply with all applicable voter requirements.		

AB 1386 (Hayashi) I-02/27/2009	State Highway Route 238.	03/02/2009-Read first time. (02/27/2009-A PRINT)	
	<p>NOTE: AB 1386 amends existing law to allow for the proceeds from the sale of state owned right-of-way along the proposed Route 238 corridor to be used for both state and local transportation improvements. Existing law limits the use of these funds to state facilities.</p> <p>This change is critical for the implementation of proposed improvements that are being considered as part of the Local Alternative Transportation Improvement Plan for the Route 238 corridor. This bill is sponsored by the City of Hayward.</p>		
AB 1500 (Lieu) I-02/27/2009	High-occupancy lanes: single occupancy vehicles: sunset date.	03/02/2009-Read first time. (02/27/2009-A PRINT)	
	NOTE: This bill extends the sunset date by 5 years from January 1, 2011 to January 1, 2016 on existing law that allows specified types hybrid and low emission vehicles to use an HOV lane regardless of the number of occupants.		
AB 1502 (Eng) I-02/27/2009	Vehicles: HOV lanes.	03/02/2009-Read first time. (02/27/2009-A PRINT)	
	NOTE: This bill extends the sunset date by 6 years from January 1, 2011 to January 1, 2017 on existing law that allows specified types of low-emission vehicles to use an HOV lane regardless of the number of occupants. However, under this bill the sunset date for the exemption for hybrid vehicles would remain January 1, 2011.		
ACA 9 (Huffman) I-02/06/2009	Local government bonds: special taxes: voter approval.	02/10/2009-From printer. May be heard in committee March 9. (02/06/2009-A PRINT)	
	<p>NOTE: ACA 9 amends the Constitution to reduce the vote requirement for passage for a special tax or local general obligation bond from 2/3 to 55%.</p> <p>ACA 9 would allow any special tax to be enacted with the approval of 55% of the voters. ACA 9 also allows for general</p>		

	obligation bonds to be approved with 55% of the voters; however, the bonds must be used solely for infrastructure projects, which include transportation, sewer, water, and parks projects as well as low income housing projects. Local governments are also required to comply with specified auditing requirements if bonds are enacted with a 55% vote.		
ACA 15 (Arambula) I-03/10/2009	Local government transportation projects: special taxes: voter approval.	03/11/2009-From printer. May be heard in committee April 11. (03/10/2009-A PRINT)	
	NOTE: ACA 15 would amend the Constitution to allow local governments to impose a special tax upon approval of 55% of the voters. ACA 15 defines a special tax for purposes of the 55% threshold as providing funding for transportation projects.		
SB 205 (Hancock) I-02/23/2009	Traffic congestion: motor vehicle registration fees.	03/16/2009-Set for hearing March 31. (03/09/2009-S T. & H.)	CMA-Sponsor
	NOTE: SB 205 was approved by the Senate Committee on Transportation & Housing. The Committee Chairman, Senator Lowenthal, expressed his support for this bill and his interest in working with Senator Hancock on exploring if this proposal could benefit transit operations. This is the reintroduction of AB 444 from last session. SB 205 would allow any county to place on the ballot a majority vote measure to impose up to a \$10 fee on each vehicle for the purpose of funding congestion mitigation and air quality programs.		
SB 425 (Simitian) I-02/26/2009	Vehicle trip reduction.	03/12/2009-To Coms. on T. & H. and EQ. (03/12/2009-S T. & H.)	
	NOTE: This bill would direct the Air Resources Board to work with Caltrans on developing a trip reduction program. The bill currently requires the state to collect information from employers with 100 or more employees and regional transportation planning agencies information about existing trip reduction programs, evaluate that information, and develop additional incentives that reduce single occupant trips by 25% by 2015.		

SB 455 (Lowenthal) I-02/26/2009	High-speed rail.	03/12/2009-To Com. on T. & H. (03/12/2009-S T. & H.)	
	<p>NOTE: This bill makes numerous technical changes that allow the High Speed Rail Authority (HSRA) to enter into contracts and purchase property consistent with existing law. In addition, the bill adds additional criteria on the expenditure of the High Speed Rail Bond funds on Phase 1 of the project.</p> <p>Pursuant to SB 455, the HSRA shall ensure that one of the following criteria is meet when undertaking Phase 1 projects 1) enhances access to stations and terminals, with priority given to stations and terminals that serve the largest employment centers, 2) improvements to existing commuter and intercity rail service, and 3) projects that improve connections to San Joaquin Valley.</p>		
SB 474 (Ducheny) I-02/26/2009	Transportation: reporting requirements.	03/12/2009-To Com. on RLS. (03/12/2009- S RLS.)	
	<p>NOTE: The recently enacted budget agreement included demonstration programs on the use of design-build, public-private partnerships, and CEQA permit coordination for transportation projects. This bill would require Caltrans to provide an annual report to the Legislature on the progress of these demonstration programs.</p>		
SB 526 (Ashburn) I-02/27/2009	Intercity rail: study.	03/12/2009-To Com. on RLS. (03/12/2009- S RLS.)	
	<p>NOTE: This spot bill includes intent language directing Caltrans to study the potential ridership increase by routing Amtrak trains over the Altamont Pass.</p>		
SB 535 (Yee) I-02/27/2009	Vehicles: HOV lanes.	03/12/2009-To Com. on T. & H. (03/12/2009-S T. & H.)	
	<p>NOTE: This bill deletes the sunset date on existing law that allows exempts specified vehicles from HOV lanes occupancy requirements While the bill deletes the sunset date, the bill retains language that would repeal the HOV lane exemption if federal law does not authorize these exemptions.</p>		

SB 632 (Lowenthal) I-02/27/2009	Ports: congestion relief: air pollution mitigation.	03/02/2009-Read first time. (02/27/2009-S PRINT)	
	NOTE: This bill would require the Ports of LA, Long Beach, and Oakland to assess their infrastructure and air quality needs and submit a report to the Legislature.		
SB 705 (Lowenthal) I-02/27/2009	Traffic congestion: infill housing.	03/02/2009-Read first time. (02/27/2009-S PRINT)	
	NOTE: Under existing law a city or county may establish infill opportunity zones for the purpose of developing mixed use projects. The streets within a zone are not subject to Level of Service requirements. SB 705 would remove the sunset date on the ability to designate infill opportunity zones.		
SB 728 (Lowenthal) I-02/27/2009	Air pollution: parking cash-out program.	03/02/2009-Read first time. (02/27/2009-S PRINT)	
	NOTE: This bill would authorize the Air Resources Board, as well as cities, counties, local air districts to impose a civil penalty on employers that violate parking cash-out requirements.		
SB 802 (Leno) I-02/27/2009	Public contracts: retention proceeds.	03/02/2009-Read first time. (02/27/2009-S PRINT)	
	NOTE: This bill would limit retention proceeds to not more than 5%. Existing law requires retention amount to be not less than 5%.		